International Journal of Management and Commerce
www.managementjournal.in
Online ISSN: 2664-6854; Print ISSN: 2664-6846
Received: 10-02-2019; Accepted: 12-03-2019; Published: 19-03-2019
Volume 1; Issue 1; 2019; Page No. 39-41

Public private partnership in agriculture

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Abstract
The private sector's role in the partnership is to make use of its expertise in commerce, management, operations, and innovation to run the business efficiently. The private partner may also contribute investment capital depending on the form of contract. The structure of the partnership should be designed to allocate risks amongst the partners based on their capabilities to manage those risks and thus, minimize costs while improving performance. Against this background, the present study has been undertaken to identity problems and prospects of Public Private Partnership in Agriculture Marketing in India.

Keywords: Agriculture sector, Indian Context, Public Private Partnership, MDG

Introduction

The availability of infrastructure plays a crucial role in the development of agriculture and the economy as well. Many previous studies suggest that poor access to infrastructure of availability of costly infrastructure for handing agricultural produce is one of the biggest impediments to growth of agricultural marketing in particular and agriculture sector in general.

A considerable development with a reasonable participation of private sector has taken place in report of agriculture marketing infrastructure in India. The country has successfully adopted and implemented cooperative movement reforms in agricultural marketing and various schemes of the government to create the desired infrastructure for providing marketing support to the agricultural produced of the country. Agricultural marketing board is implementing numbers of schemes of central government like farmer market, storage structure, rural storage, cold storage and market infrastructure scheme. It is necessary to mention here that public private partnership is best option to erase the problems of low capital formation.

Agriculture made great progress during the "Green Revolution" of the 1960s and 1970s. Companies and public sector organizations around the world continue to achieve breakthroughs in many areas that contribute to global food security. Yields in key crops still vary significantly between farming regions, and often remain far below their optimal potential. Crop losses pre and post-harvest continue to prevent an estimated 40 percent of agricultural produce from actually reaching the marketplace. There are many reasons for these shortfalls, but one frequent cause is farmers' lack of access to technology, adequate extension services and poor market integration. There are two main reasons for "lack of access" to a particular technology: either it has not yet been developed, or it actually exist, but is not yet available everywhere it is demanded. There are still numerous pests, diseases and other agricultural challenges for which no proper solution is available at all. There are also many solutions of which scientists are aware, but which are not yet deployed commercially in all the setting in which they could help. Both kinds of "lack of access" hold farmers back around the world, but particularly in developing countries.

Public private partnership in India and abroad

PPSs are a popular type of collaboration in many sectors of the economy around the world. In one form or another, partnerships between public institutions and private individuals or organizations have existed for centuries. Medieval church-building is arguably one example; in the 19th century, Universities in the USA and Germany played a key role in facilitating their countries' industrialization. Modern example continue to include tertiary education, as well as such diverse areas as infrastructure, defense, pharmaceuticals, road management and the Olympics. There is also a growing realization of the value of PPP in agriculture, and particularly for projects that benefit farmers in developing countries. So far, however, very few agricultural PPPs exist. Those that do are largely experimental, and form a new field of practice and inquiry for the participants. PPPs can take a variety of forms. They are not limited to bilateral collaboration between a government agency and a private corporation. PPP for sustainable agricultural development can also include, for example-multi-partner structures that bring together private companies with entities such as non-governmental organizations (NGO), university research institutes and foundations. These structures have sometimes been termed "Hybrid Value Chains" that create shared value. The term "PPP" in broader sense includes both these forms and the many other possible for-profit/ not-for-profit combinations. Whatever form they take, successful PPPs have a number of features in common. The rationale for their creation is always the same: to achieve more through partnership than any of the parties could do on their own. A PPP in agricultural research and development (R & D), for example, can overcome both the public sector's usually limited ability to take research outputs to market, and the private sector's limited scope for operation where there is no commercially viable market. Contracts, planning, inter-partner relationships and the distribution of tasks within the PPP should all contribute to maximizing synergies between the parties involved.

In the context of India, the introduction of economic reforms and liberalisation in India is early 1990s created an environment conducive to participation of private sector in infrastructure development. The report of sub-group on Public Private Partnership (PRIs & NGO), Planning Commission has defined Public Private Partnership as a mode of implementing government programmes/ schemes in partnership with the private sector. The term private in PPP is often understood to stand for the private corporate sector and includes individual farming and other small-scale enterprises. This institution has a critical role to play in linking agricultural and allied sectors with national and international market to achieve the objective of faster and more inclusive growth.

The June 2010 "G-20" Summit in Toronto, Canada, stressed that "there is still an urgency to accelerate research and development to close agricultural productivity gaps". The meeting went on to declare that "the private sector will be critical in the development and deployment of innovative solutions that provide concrete results on the ground". G-20 governments are certainly right to stress the key role of the private sector here. Growth in public investment in productivity-enhancing agricultural R & D has been declining for some time in most of the world outside China, and total investment has declined in critical regions such as Sub-Saharan Africa. Private investments and capability, on the other hand, continue to grow. This must, however, not mislead observers into thinking that the private sector should-or even could-address the huge challenge of helping farmers achieve sustainable food security on their own. R&D partnerships are instead necessary to pool public and private assets. Private organisation contributes expertise in plant sciences, genomics and bioinformatics, for example. The public sector provides strength in crop improvement and is generally more likely that private companies to commit research resources to "Orphan" crops.

Relevance in Agriculture: Indian Context

The relationship between agricultural development and investment in infrastructure is long recognized as complementary to each other. Market infrastructure is important not only for the performance of various marketing functions and expansion of the size of the market but also for transfer of appropriate price signals leading to improved marketing efficiency. Infrastructure facilitates vertical and horizontal integration, thereby bringing economies of scale and cost efficiencies in the supply chain. Infrastructure facilities lead to reduction in marketing costs, which is crucial for increasing the realization of growers and reducing the costs to the consumer. Infrastructure also contributes to the human welfare, poverty reduction and overall growth of the economy. The changing trade environment in the wake of liberalisation, privatisation and globalization and increased agricultural production and marketable surplus, further emphasizes the pivotal role to be played by the infrastructure in agricultural development.

The Inter-Ministerial Task Force on Marketing Reforms, 2002 set up by the Govt. of India had made an assessment of requirement of investment in agricultural marketing infrastructure to the tune of Rs. 12,400 crore by the year 2012. As it is may not be possible to arrange so much of funds from government exchequer, the need of the hour is to mobilize private capital to the sector. With the involvement of private sector, besides availability of private capital, there will be optimum utilization of resources with private management expertise and sharing of risks between the private and public sectors. This signifies the importance of introducing appropriate models of Public-Private-Partnership ventures have the potential to play a proactive role in infrastructure development in the sector through sharing of various rights and risks between the partners. It is against this backdrop that the XI plan target for investment in agricultural marketing infrastructure is envisaged at Rs. 64312 crore with Rs. 30625 crore to be mobilized from private sector.

The term public-private partnership describes a range of possible relationships among public and private entities in the context of infrastructure and other services. The concept of PPP presents a framework that ensures involvement of the private sector, while fine-tuning the role of the government, so that different social obligations are met, successful sector, reforms introduced and targets for public investment are achieved. An efficient PPP model ensures allocation of the tasks, obligations, and risks among the public and private partners in an optimal manner. The public partners in a PPP are government entities, including ministries, departments, municipalities, or state-owned enterprises. The private partners could be local or international and may include businesses or investors with technical or financial expertise relevant to the project. Increasingly, PPPs may also include non-government organizations. (NGOs) and/or community-based organisations (CBOs) who represent stakeholders directly affected by the project. Effective PPPs recognize that each of the partners the public and the private sectors have their comparative advantages in performing specific tasks. The government's contribution to a PPP may take the form of capital for investment (available through tax revenue), a transfer of assets, or other commitments or in-kind contributions that support the partnership. The government also provides social responsibility, environmental awareness, local knowledge, and an ability to mobilize political support.

Conclusion

Agriculture is very important for Indian economy and society both. It is the means of livelihood for half of the population, if we also count in the ancillary activities. Apart from meeting the food security requirements of the country as well as providing additional produce for export, it also provides most of the raw material for the industry sector1. According to the Socio-Economic and Caste Census, SECC in 2011, out of 24.39 crore households in the country, 17.9 million households live in villages and are mostly dependent on agriculture2. But, when we look at the condition of Indian Farmers, picture does not look very encouraging, and main reason for this being that the focus of our economic policies so far has been on increasing the farm production rather than the farmer himself.

While understanding the concept of public private partnership, it is very important to note that PPP is different from privatisation. Privatisation involves the sale of shares or ownership in a company or the sale of operating assets or services owned by the public sector. Privatisation is most common and more widely accepted in sectors that are not traditionally considered public services, such as manufacturing, construction, etc. When privatisation occurs in the infrastructure or utilities sectors, it is usually accompanied by sector-specific regulatory arrangements to give due weightage to the social and policy concerns related to the sale, and continuing operation of assets used for public services.

Traditionally, the public and private sector have attempted to provide solutions independently from each other, with the exception of certain sections in the long path from basic research to widespread commercial deployment where collaboration was unavoidable. It has been argued, for example, that the “Green Revolution” was a public-sector initiative that partially crowded out private activities and thus resulted in a general neglect of tailor-made solutions for farmers. Isolated approaches are therefore unable to cope with challenges of the 21st century, notably the achievement of the farming-related Millennium Development Goals.

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